Vision & Mission

• **Vision** – To be the preferred supplier of steel solutions for the development of Sub-Saharan Africa

• **Mission statement** – We aim to achieve our vision by:
  - Producing safe, sustainable steel
  - Pursuing operational excellence in all business processes
  - Producing innovative steel solutions for our customers
  - Caring for our environment and the communities in which we operate
  - Striving to become an employer of choice
  - Living the brand values of sustainability, quality, leadership

• **Target markets** – Sub-Saharan Africa
Strategic goals

• Industry leading value-creation for our shareholders
  ◦ Positive economic value add over the steel price cycle

• Improve operating capabilities
  ◦ Value creating throughput increases
  ◦ Substantial reduction in hot rolled / coil real costs

• Build on existing performance culture
  ◦ Create an environment that generates true employee pride and attracts, develops and retains top-performing people

• Be a responsible corporate citizen
Evolution of ArcelorMittal South Africa

- 1928 - Iscor founded
- 1989 - Iscor privatized & listed on the JSE
- 1996 - Iscor embarks on major restructuring programme
- 2001 - Unbundling of steel & mining into Iscor & Kumba
- 2002 - Iscor gets into strategic partnership with LNM & BAA start-up
- 2004/5 - LNM lifts stake to 52% and changes name to Ispat Iscor
- 2005 - LNM Holdings and Ispat merge to form Mittal Steel
- 2006 - Mittal Steel merge with Arcelor to form ArcelorMittal
- 2007 - Name change to ArcelorMittal South Africa
ArcelorMittal South Africa’s standing

- Largest steel producer on the African continent
- Produces 5.8 mt of liquid steel per annum
  - 4.1 mt flat
  - 1.7 mt long
- Modern, highly competitive supplier of steel products with turnover of R40bn
- Global standing is underpinned by being part of the world’s largest steel producer, ArcelorMittal. This relationship facilitates:
  - world-class R & D;
  - best practice processes;
  - aggressive procurement contracts, and
  - international market leverage
- ArcelorMittal South Africa is amongst the world’s lowest cash cost producers
Flat Steel Products shipped*
• Vanderbijlpark Works – 2.6 Mtpa
• Saldanha Works – 0.8 Mtpa

Long Steel Products shipped*
• Newcastle Works – 1.3 Mtpa
• Vereeniging Works – 0.4 Mtpa

Iron ore consumed*
• 4.7 Mtpa from Sishen
• 2.3 Mtpa from Thabazimbi

Coke & Chemicals shipped*
• Coke – 813 542 tpa
• Tar – 139 536 tpa

*12 months to December 2008
ArcelorMittal SA 2008 key figures

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (R billion)</td>
<td>29.3</td>
<td>39.9</td>
</tr>
<tr>
<td>EBIDTAR (R billion)</td>
<td>8.8</td>
<td>13.6</td>
</tr>
<tr>
<td>Operating income (R billion)</td>
<td>7.7</td>
<td>12.2</td>
</tr>
<tr>
<td>Headline earnings (R billion)</td>
<td>5.7</td>
<td>9.5</td>
</tr>
<tr>
<td>Shipments (million tonnes)</td>
<td>5.8</td>
<td>5.1</td>
</tr>
<tr>
<td>Steel production (million tonnes)</td>
<td>6.4</td>
<td>5.8</td>
</tr>
</tbody>
</table>

9 100 permanent employees

Africa’s largest steel company
## ArcelorMittal South Africa’s plant mix

<table>
<thead>
<tr>
<th>Operating unit</th>
<th>Plant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric arc furnaces</td>
<td>3 Vanderbijl</td>
</tr>
<tr>
<td></td>
<td>1 Vereeniging</td>
</tr>
<tr>
<td>Blast furnaces</td>
<td>2 Vanderbijl</td>
</tr>
<tr>
<td></td>
<td>1 Newcastle</td>
</tr>
<tr>
<td>DRI kilns</td>
<td>2 Vanderbijl</td>
</tr>
<tr>
<td>Corex and Midrex process</td>
<td>Saldanha</td>
</tr>
<tr>
<td>Basic Oxygen furnaces</td>
<td>3 Vanderbijl</td>
</tr>
</tbody>
</table>
Vanderbijlpark Works

2008

- Liquid steel production (‘000 tons) 3 227
- Sales tons 2 608
- Domestic percentage 91%
- Manpower 4 582
- Area of site 2 300 Ha
- Perimeter 20 km
- Rail networks 256 km and 38 locomotives
- Electricity consumption 6,28 GWh per day
- Primary raw materials received 23 300 tons per day
- Secondary raw materials received 4 560 tons per day
- Water consumption 65 000 kilo liters per day
<table>
<thead>
<tr>
<th>Raw materials</th>
<th>Iron Making</th>
<th>Steel Making</th>
<th>Rolling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fluxes</td>
<td>Corex</td>
<td>Thin slab caster</td>
<td>Roller Heath Furnace</td>
</tr>
<tr>
<td>Coal</td>
<td>Conarc Furnace</td>
<td></td>
<td>and Hot Strip Mill</td>
</tr>
<tr>
<td>Iron Ore</td>
<td>Direct Reduction (DR)/Midrex</td>
<td></td>
<td>Temper Mill</td>
</tr>
<tr>
<td>Pellets</td>
<td></td>
<td></td>
<td>Hot Rolled Coils</td>
</tr>
</tbody>
</table>

Saldanha Works Process flow
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2008</strong></td>
<td></td>
</tr>
<tr>
<td>Liquid steel production (‘000 tons)</td>
<td>857</td>
</tr>
<tr>
<td>Sales tons</td>
<td>805</td>
</tr>
<tr>
<td>Domestic percentage</td>
<td>59%</td>
</tr>
<tr>
<td>Manpower</td>
<td>556</td>
</tr>
<tr>
<td>Area of site</td>
<td>432 Ha</td>
</tr>
<tr>
<td>Perimeter</td>
<td>5,1 km</td>
</tr>
<tr>
<td>Electricity consumption</td>
<td>3,8 GWh per day</td>
</tr>
<tr>
<td>Primary raw materials received</td>
<td>9 800 tons per day</td>
</tr>
<tr>
<td>Water consumption</td>
<td>7 500 kilo liters per day</td>
</tr>
</tbody>
</table>
Long Steel Newcastle Works Process Flow

- Induction Furnace
- 2x Basic Oxygen Furnace
- 2x Ladle Furnace
- Vacuum degasser unit
- 2x6 Strand continuous bloom casters
Newcastle Works

2008

- Liquid steel production (‘000 tons)   1 345
- Sales tons                         1 260
- Domestic percentage                 95%
- Manpower                           1 921
- Area of site                       1 697 ha
- Perimeter                          18.97 km
- Rail networks                      90 km
- Electricity consumption             1 539 MWh per day
- Primary raw materials received      9 350t per day
- Water consumption                   17 000 kilo liters per day
Vereeniging Works Process Flow

### Raw materials
- Sorted Scrap Metal
- Ferro Alloying Elements

### Steel Making
- Electric Arc Furnace
- Ladle Furnace
- Degassing
- Continuous Casters
- Bottom Poured Ingots
- Ingot

### Business Units
- **ROLLED PROFILE BUSINESS**
  - ROD & BAR MILL
  - MEDIUM BAR MILL
- **SPECIAL PROFILE BUSINESS**
  - SMALL SECTION MILL
- **FORGE BUSINESS**
  - BILLET MILL
  - PRESSES
- **SEAMLESS TUBE BUSINESS**
  - HOT SEAMLESS TUBE MILL
  - COLD DRAWN SEAMLESS PLANT

### End products
- Hex Hollow Drill Steel
- Round & Flat Spring Steel
- Round & Square Profiles for the Reforging, Automotive & General Engineering industries
- Window Profiles
- Fencing Posts
- Round & Square, Step and Hollow forgings such as barrels, shafts, rolls etc.
- Hot Rolled Seamless: Line pipe and casings
- Cold Drawn Seamless for precision tubes
- drill rods and Hollow drill steel
### Vereeniging Works

<table>
<thead>
<tr>
<th>2008</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid steel production (‘000 tons)</td>
<td>345</td>
</tr>
<tr>
<td>Sales tons</td>
<td>413</td>
</tr>
<tr>
<td>Domestic percentage</td>
<td>82%</td>
</tr>
<tr>
<td>Manpower</td>
<td>948</td>
</tr>
<tr>
<td>Area of site</td>
<td>100 Ha (5 sites)</td>
</tr>
<tr>
<td>Perimeter</td>
<td>15 km</td>
</tr>
<tr>
<td>Rail networks</td>
<td>16 km</td>
</tr>
<tr>
<td>Electricity consumption</td>
<td>1 100 MWh per day</td>
</tr>
<tr>
<td>Primary raw materials received</td>
<td>1 200 ton per day</td>
</tr>
<tr>
<td>Water consumption</td>
<td>894 kilo liters per day</td>
</tr>
</tbody>
</table>
2008

- Production (‘000 tons)
  - Market Coke: 859
  - Tar: 126

- Sales (‘000 tons)
  - Market Coke: 814
  - Tar: 140

- Manpower: 323

- Electricity consumption: 63 MWh per day

- Primary raw materials received: 3 721 ton per day

- Water consumption: 1 395 kilo liters per day
## Product sales distribution 2008

<table>
<thead>
<tr>
<th>Flat Carbon Steel Products</th>
<th>Long Carbon Steel Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cold Rolled</td>
<td>Bars</td>
</tr>
<tr>
<td>Colour Coated</td>
<td>Semis</td>
</tr>
<tr>
<td>Electro Galvanised</td>
<td>Seamless Tubes</td>
</tr>
<tr>
<td>Hot Dipped Galvanised</td>
<td>Sections</td>
</tr>
<tr>
<td>Hot Rolled</td>
<td>Manufactured Long Products</td>
</tr>
<tr>
<td>Plate</td>
<td>Rails</td>
</tr>
<tr>
<td>Slabs</td>
<td>Rebar</td>
</tr>
<tr>
<td>Tin Plate</td>
<td>Windows</td>
</tr>
<tr>
<td></td>
<td>Wire Rod</td>
</tr>
<tr>
<td>10%</td>
<td>17%</td>
</tr>
<tr>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>2%</td>
<td>6%</td>
</tr>
<tr>
<td>13%</td>
<td>25%</td>
</tr>
<tr>
<td>56%</td>
<td>7%</td>
</tr>
<tr>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>1%</td>
<td>12%</td>
</tr>
<tr>
<td>8%</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>28%</td>
</tr>
</tbody>
</table>
Production and Sales
Geographical Sales Distribution 2008

Total carbon steel products

- Africa: 8%
- Asia: 5%
- Europe: 1%

Flat carbon steel products

- Africa: 10.3%
- Asia: 6.3%
- Europe: 0.3%

Long carbon steel products

- Americas: 1.0%
  - Africa: 3.7%
  - Asia: 2.7%
  - Europe: 1.0%

South Africa

- Total carbon steel: 86%
- Flat carbon steel: 83.1%
- Long carbon steel: 91.6%
Domestic Market Segmentation 2008

Total carbon steel products

- Pipe & Tube: 14.0%
- Service Centers: 21.8%
- Construction: 24.5%
- Convertors/Re-rollers: 9.4%
- Energy/Mining/Chem & Water: 7.7%
- Machinery & Equipment: 6.6%
- Packaging: 6.6%
- Transportation: 0.4%
- Other: 1.6%

Flat carbon steel products

- Pipe & Tube: 20.8%
- Service Centers: 33.7%
- Convertors & Re-rollers: 13.5%
- Construction: 13.6%
- Automotive: 6.7%
- Packaging: 10.1%
- Furniture & Appliances: 1.3%

Long carbon steel products

- Pipe & Tube: 1.2%
- Construction: 44.6%
- Machinery & Equipment: 20.2%
- Energy/Mining/Chem & Water: 20.7%
- Convertors/Re-rollers: 1.8%
- Transportation: 1.2%
- Automotive: 7.4%
- Service Centers: 2.7%

ArcelorMittal
Shipments Volumes - 2008

Flat carbon steel products:
- 2004: 1601 ktonnes
- 2005: 1881 ktonnes
- 2006: 1311 ktonnes
- 2007: 1033 ktonnes
- 2008: 577 ktonnes

Long carbon steel products:
- 2004: 2728 ktonnes (Domestic: 1635, Exports: 1093)
- 2005: 2402 ktonnes (Domestic: 1414, Exports: 988)
- 2006: 2969 ktonnes (Domestic: 1925, Exports: 1044)
- 2007: 2878 ktonnes (Domestic: 1900, Exports: 978)
- 2008: 2835 ktonnes (Domestic: 1835, Exports: 1000)

Total:
- 2004: 2344 ktonnes (Domestic: 1635, Exports: 709)
- 2005: 2745 ktonnes (Domestic: 1414, Exports: 1331)
- 2006: 1810 ktonnes (Domestic: 1925, Exports: 285)
- 2007: 1397 ktonnes (Domestic: 1900, Exports: 497)
- 2008: 714 ktonnes (Domestic: 1835, Exports: 0)

Domestic: Dark blue, Exports: Light orange
The Basket Pricing Model

- In 2006, ArcelorMittal South Africa switched to a pricing model that uses a “basket of domestic prices” in a number of comparator countries, such as Korea, Germany, China, Russia, Taiwan, Brazil and the US, to set its domestic (South African) steel prices.

- The switch better aligns ArcelorMittal South Africa’s global domestic pricing structures with global commodity costs, taking into account the direction of market movements and exchange rate volatility.

- This price represents a world average price and sets the basis for ArcelorMittal South Africa’s maximum domestic price list.
Corporate Responsibility:
How we do what we do

Our position in the industry brings unique opportunities and unique responsibilities. Our future success partly depends on the wider world giving us the freedom and flexibility to succeed. We will earn its trust to do so by behaving responsibly.

ArcelorMittal will transform tomorrow by:

**Investing in our people**
Making each and every person working on our behalf feel valued.

**Making steel more sustainable**
Using our expertise in steel to develop cleaner processes and greener products.

**Enriching our communities**
Our presence plays an important role in all the communities where we operate.

...all this is underpinned by transparent governance

The Corporate Responsibility strategy is driven through four focus areas
Implementing a Corporate Responsibility strategy

**Human Resources**
- Health & Safety
- Equitable employment practices
- World class training and skills development

**Environment**
- Waste disposal
- Ground water and air quality
- Environmental compliance and legacy issues
- ISO 180001

**Communities**
- Local economic development
- Social investment
- Community engagement

**Shareholders**
- Board independence
- Equal rights among shareholders
- Best in class disclosure and shareholder dialogue

**Corporate Governance and sustainability reporting**
Safety Remains our Priority

Policy, initiatives and actions

✓ Top management priority
✓ Health and Safety policy launched in March 2007
✓ Injury tracking and reporting database to monitor injuries, lost days and significant events in place
✓ Fatality prevention and process standards, and ‘golden rules’ introduced
✓ ‘Shop Floor’ auditing procedure rolled-out
✓ ‘Journey to Zero’ initiative launched (September 2008)
ArcelorMittal is committed to eliminate or minimize the main environmental impacts caused by its activities:

Rational use of water, electricity and natural resources;

- Monitoring of impacts (air, water, waste, noise etc)

- Promote the reduction, reuse and recycling of waste generated by its processes;

- Comply with environmental laws;

- Continuous improvement of processes;

- All South African plants are ISO 14001 certified with the exception of Dunswart facility and Small Section Mill in Pretoria
Environmental Objectives

The following strategic objectives reflect the company’s ambition to improve environmental performance:

- Reduce water abstraction per tonne of crude steel produced by 40% by 2010, with the year 2005 as the baseline.
- Achieve and maintain ambient PM 10 dust levels of 40 μg/Nm3 (annual average), measured along the fence line, by 2012.
- Improve material efficiency rate* by 20% by 2011.
- Reduce CO2 emissions per tonne of crude steel by 7% by 2014, with the year 2005 being the baseline.
- To improve energy efficiency by 15% by 2014, with the year 2000 being the baseline.

* Material efficiency rate = (Crude steel production – Waste)/Crude steel production *100%
Enriching our communities

- Active CSI programme – R220m invested over the past decade
- Priority CSI areas
  - Education with special emphasis on mathematics, science and technology
  - Job creation and poverty alleviation
  - Health & Safety
  - BBBEE & SME development
- Key CSI projects
  - R250 million, multi-year programme to build 10 schools
  - Science centres in Sebokeng and Saldanha
  - ..% shareholder in Collect-a-Can recycling company
  - R30 million preferential procurement initiative
  - Noah’s Ark – Care for Aids orphans
  - Small-scale community projects
  - Volunteer Day: mobilising our employees to do good

Our presence plays an important role in all the communities where we operate
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